

Message Text

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AMCONSUL MUNICH
AMEMBASSY PRAGUE
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C O N F I D E N T I A L SECTION 1 OF 2 SOFIA 0801

E.O. 11652: GDS
TAGS: PINT, ECON, BU
SUBJECT: BCP NATIONAL PARTY CONFERENCE DISCUSSES NEW PLANNING
METHOD

1. SUMMARY. TWO-DAY BULGARIAN COMMUNIST PARTY (BCP)
NATIONAL PARTY CONFERENCE HEARD LENGTHY SPEECH BY PARTY
LEADER, TODOR ZHIVKOV, ON ORGANIZATION OF LABOR AND NEW
METHOD OF PLANNING. SPEECH CLARIFIES SOME POINTS IN MEMO-
RANDUM ON IMPROVING MANAGEMENT OF ECONOMY APPROVED BY
POLITBURO LAST SEPTEMBER. NEW EMPHASIS ON PLANNING CALLS
FOR INCREASED WORKER PARTICIPATION IN FORMULATION OF
ECONOMIC PLANS. IN FOREIGN POLICY SECTION, ZHIVKOV
REITERATED STANDARD FORMULATIONS ON MOST MAJOR INTER-
NATIONAL ISSUES. END SUMMARY.

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2. UNDER SLOGAN "FOR THE IMPROVEMENT OF THE SOCIALIST
ORGANIZATION OF LABOR AND THE PLANNED LEADERSHIP OF THE
ECONOMY," NATIONAL PARTY CONFERENCE OF BCP WAS HELD IN
SOFIA APRIL 20-21. MAIN PURPOSE OF CONFERENCE WAS TO
APPROVE CHANGES IN SYSTEM OF ECONOMIC MANAGEMENT AND PLAN-
NING TO WHICH PARTY LEADER TODOR ZHIVKOV HAS LENT HIS NAME

AND TO URGE THAT PARTY FAITHFUL INCREASE EFFORTS TO MEET ECONOMIC GOALS. LAST NATIONAL PARTY CONFERENCE WAS HELD MARCH 21-22, 1974 AND HAD LABOR PRODUCTIVITY AS ITS THEME.

3. KEYNOTSZHIVKOV SPEECH, WHICH WAS PUBLISHED SIX DAYS AFTER THE EVENT, DEALT LARGELY WITH CURRENT ECONOMIC PROBLEMS AND NEW SYSTEM OF PLANNING. IN FOREIGN POLICY SECTION, ZHIVKOV REITERATED STANDARD FORMULATIONS ON MOST MAJOR INTERNATIONAL ISSUES. REGARDING THE US, ZHIVKOV ACCUSED CARTER ADMINISTRATION OF SLOWING DOWN AND REVERSING DEVELOPMENT OF SOVIET-AMERICAN RELATIONS AND OF ERECTING OBSTACLES TO SUCCESSFUL CONCLUSION OF SALT II. HE ALSO ACCUSED THE WEST OF UNWARRANTED INTERFERENCE IN THE INTERNAL AFFAIRS OF OTHER COUNTRIES, AND OF ATTEMPTING TO USE THE BELGRADE CONFERENCE TO ATTACK THE "SOCIALIST" COUNTRIES.

4. HOWEVER, MAIN THRUST OF SPEECH CENTERED ON NEW METHOD OF PLANNING APPROVED BY POLITBURO LAST SEPTEMBER. AS DESCRIBED BY ZHIVKOV, NEW METHOD CALLS FOR:

- INCREASED PARTICIPATION BY BRIGADES AND LOCAL ORGANIZATIONS IN FORMULATING THE PLAN;
 - EXPANDED ROLE FOR ECONOMIC CONTRACTS (THE SO-CALLED "ZLOBIN" METHOD);
 - ENHANCED ROLE OF FIVE YEAR PLAN AS PRINCIPAL FORM
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FOR PLANNED MANAGEMENT OF THE ECONOMY.

5. AT OTHER POINTS, ZHIVKOV:

- CALLED FOR MORE INTENSIVE USE OF FIXED ASSETS, FOR EXAMPLE, BY INTRODUCING ADDITIONAL SHIFTS IN SOME FACTORIES;
- RECOGNIZED THE IMPORTANCE OF IMPROVING THE QUALITY OF OUTPUT TO INCREASE BULGARIA'S COMPETITIVENESS IN INTERNATIONAL MARKETS;
- CALLED FOR REDUCING WASTE OF RAW MATERIALS, FUELS, AND ENERGY, BUT SQUARELY BLAMED THE ENERGY AND RAW MATERIALS "CRISIS" AND THE UNSTABLE MARKET SITUATION IN THE WEST FOR BULGARIA'S PROBLEMS.

6. IN DISCUSSING NEW PLANNING METHOD, LABELED "TOP-DOWN, BOTTOM-UP," ZHIVKOV STATED IT WAS UNREALISTIC TO EXPECT THAT A LIMITED NUMBER OF EXPERTS AND SPECIALISTS COULD MANAGE THE DEVELOPMENT OF THE WHOLE ECONOMY. BULGARIAN SOCIETY HAS REACHED A MATURE STAGE WHICH PERMITS ALL LEVELS OF MANAGEMENT-WORKER HIERARCHY TO PARTICIPATE IN PLANNING. THE COUNTERPLAN, FORMULATED BY LABOR COLLECTIVES, IS TO RECEIVE INCREASED ATTENTION.

7. ZHIVKOV'S ADDRESS WAS FOLLOWED BY TWO DAYS OF ADDITIONAL SPEECHES BY VARIOUS MINISTERS, PARTY OFFICIALS, INSTITUTE AND FACTORY HEADS, BRIGADE WORKERS, AND ASSORTED "HEROES OF SOCIALIST LABOR." ALL ROUNDLY PRAISED THE ZHIVKOV SPEECH, WHILE AT SAME TIME CAREFULLY GETTING ONTO RECORD THEIR OWN ACHIEVEMENTS AND CONTRIBUTIONS. MANY WORKERS' REPRESENTATIVES HAILED THE BRIGADE DIVISION OF LABOR AND THE "ZLOBIN" METHOD. (AS UNDERSTOOD IN BULGARIA, THIS SOV T-IMPORTED SCHEME CALLS FOR ESTABLISHMENT OF BINDING CONTRACTIUAL OBLIGATIONS AMONG THE VARIOUS COOPERATING ORGANIZATIONS ON A GIVEN PROJECT. THIS, IT IS SAID, PROVIDES GREAT INCENTIVE FOR TIMELY COMPLETION OF SUCH PROJECTS.)

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8. ONE OF MORE SUBSTANTIVE SPEECHES WAS GIVEN BY STATE PLANNING COMMITTEE CHAIRMAN, KIRIL ZAREV#) ZAREV BLUNTLY POINTED TO FAILURE TO BRING SCIENTIFIC AND TECHNICAL INNOVATIONS INTO RAPID PRACTICAL APPLICATION AS IMPORTANT WEAKNESS IN PREVIOUS PLANNING METHOD. MORE SPECIFICALLY, HE MENTIONED LABOR PROBLEMS, SLOW OR IMPROPER UTILIZATION OF LICENSES, AND WASTAGE OF RAW MATERIALS AND LABOR AS REQUIRING SOLUTION. HE ALSO ACCUSED INDIVIDUAL MINISTRIES OF "INCES- SANTLY" REQUESTING MODIFICATION OF PLAN INDICES. THIS, HE

SAID, GENERALLY RESULTED IN WORSENING OF QUALITY INDICES. FINALLY, HE REITERATED ZHIVKOV'S COMPLAINT THAT FIVE YEAR PLAN ALL TOO OFTEN "DISSOLVES" INTO THE ANNUAL PLANS THEREBY DIMINISHING ITS GUIDING ROLE, REDUCING RESPONSIBILITIES, AND LEADING TO DEVIATION FROM THE PARTY'S DEVELOPMENT STRATEGY. THIS COULD BE TAKEN AS WARNING NOT TO PERMIT
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ANY DECENTRALIZATION OF ECONOMIC DECISION-MAKING AUTHORITY TO PROCEED TOO FAR LEST CENTRAL PLANNERS LOSE CONTROL OVER ECONOMY.

9. REMAINDER OF SPEECHES, AS THEY APPEARED IN THE PRESS, WERE LARGELY STRAIGHT-FORWARD BOILER PLATE.

10. AT CLOSING SESSION, THE 1,616 PARTY DELEGATES UNANIMOUSLY APPROVED ZHIVKOV'S SPEECH AND THE UNPUBLISHED CONFERENCE THESES.

11. INTERESTINGLY, SPEECH ON AGRICULTURE WAS GIVEN BY DEPUTY MINISTER FILIP ISHPEKOV. ONLY OTHER MINISTRY OR HIGH LEVEL GOVERNMENTAL COMMITTEE NOT TO HAVE MINISTRY OR CHAIRMAN ADDRESS CONFERENCE WAS MINISTRY OF HEALTH (FIRST DEPUTY MINISTER MALEEV MADE SPEECH). REASON FOR CHOICE OF ISHPEKOV NOT CLEAR. TWO FIRST DEPUTY MINISTERS OUTRANK HIM AT MINISTRY, AND DEPUTY MINISTER IVAN TONEV, A CANDIDATE MEMBER OF BCP CENTRAL COMMITTEE, OUTRANKS ISHPEKOV WITHIN THE PARTY. THIS INCREASES SPECULATION THAT AGRICULTURE MINISTRY MAY BE IN FOR MAJOR REORGANIZATION IN WAKE OF LAST YEAR'S DISMAL PERFORMANCE.

12. COMMENT. SIGNIFICANTLY, WHEN NATIONAL PARTY CONFERENCE WAS FIRST ANNOUNCED AT END OF 1977, TITLE WAS "IMPROVEMENT OF THE PLANNED ECONOMIC MANAGEMENT, SOCIALIST ORGANIZATION, AND REMUNERATION OF LABOR." SOMEWHERE ALONG THE LINE, LATTER POINT WAS DROPPED, INDICATING SOME DISAGREEMENT AT HIGH PARTY LEVELS AS TO BEST METHOD OF INCREASING LABOR PRODUCTIVITY. EVIDENTLY, THOSE OPPOSED TO INCREASING MATERIAL INCENTIVES WON OUT OVER THOSE FAVORING CONSUMER GOODS SECTION VERSUS HEAVY INDUSTRY.

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13. HENCE, ZHIVKOV SPEECH REPRESENTS ONLY A HALF-MEASURE. IN RATHER STRONG TERMS, HE PUT HIS LISTENERS SQUARELY ON NOTICE THAT FAILURE TO MEET PLAN GOALS WOULD NOT BE TOLERATED

AND BLUNTLY DECLARED THAT SHORTCOMINGS WOULD NO LONGER BE PERMITTED. ON QUESTION OF IMPROVEMENT OF LIVING STANDARDS, HE LIMITED HIS REMARKS TO SAYING THAT WAGES WILL GROW ONLY IN RELATION TO GROWTH IN LABOR PRODUCTIVITY.

14. BY DUCKING ISSUE OF MATERIAL INCENTIVES FOR LABOR FORCE, PARTY CONFERENCE EVIDENTLY MADE LITTLE PRBERESS TOWARD SOLVING ILLS PLAGUING ECONOMY. LOW LABOR PRODUCTIVITY, INSUFFICIENT NUMBER OF SKILLED WORKERS AND TECHNICIANS, WEAK MANAGEMENT, OBSOLESCENT PRODUCTION FACILITIES, AND LACK OF MATERIAL INCENTIVES REMAIN CHARACTERISTIC OF BULGARIAN ECONOMIC SCENE. UNINSPIRED LEADERSHIP SEEMS INCAPABLE OF DEALING SQUARELY WITH THESE PROBLEMS. BEING WEDDED TO SOVIET MODEL OF ECONOMIC DEVELOPMENT, IT CAN ONLY RESORT TO TINKERING WITH THE SYSTEM RATHER THAN INITIATING COMPLETE OVERHAUL REQUIRED TO MOVE COUNTRY OUT OF DOLDRUMS.

15. INEPT ECONOMIC LEADERSHIP AT TOP AND UNENDING REORGANIZATIONS AND PERSONNEL CHANGES AT UPPER LAYERS OF MINISTRIES AND GOVERNMENT HAVE CONTRIBUTED TO PREVALENT SENSE OF LASSITUDE AND LACK OF DIRECTION WHICH LATEST PARTY CONFERENCE HAS HARDLY OVERCOME. END COMMENT.
GARTHOFF

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